

FISCAL MEMORANDUM

HB 2355 – SB 2329

June 6, 2007

SUMMARY OF AMENDMENT (009879): Deletes authorization for \$82.0 million in bonds for the purpose of acquiring land easements and for purchasing land for the Cumberland Mountain Conservation Project. Adds authorization for \$3.7 million in bonds for acquisition of sites and existing structures for expansion purposes for the Tennessee Board of Regents on the behalf of Middle Tennessee State University.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$50,473,000 - 1st Year Debt Service
(Included in the Governor's FY07-08 Budget Document)

Other Fiscal Impact – Approximately \$770,000 in additional first-year debt service will be provided by University of Memphis funds. This funding is included in the Governor's FY07-08 Budget Document.

\$759,438,000 Over life of the bonds
\$465,913,000 Principal
\$293,525,000 Interest

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$41,381,000 - 1st Year Debt Service
(The administration amendment to the appropriations bill
reduces the first-year debt service included in the
Governor's FY07-08 Budget Document by approximately
\$9.0 million)

Other Fiscal Impact – Approximately \$770,000 and \$400,000 in
additional first-year debt service will be provided by the University of
Memphis and Middle Tennessee State University respectively. This
funding is included in the administration amendment to the
appropriations bill.

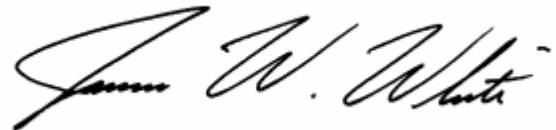
\$630,533,000 Over life of the bonds
\$386,830,000 Principal
\$243,703,000 Interest

Assumptions applied to amendment:

- All projects authorized by this act shall be approved by the State Building Commission and are included either in the Governor's FY07-08 Budget Document or within the administration amendment to the appropriations bill.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- Cost of issuance is estimated at 1% of face value.
- Principal (\$383,000,000) plus cost of issuance (\$3,830,000) is \$386,830,000.
- Bonds will be issued for a period of 20 years at an interest rate of 6% and 1/20th of the principal plus interest will be paid annually.
- According to F&A, there will be no debt service savings associated with the cancellation of the bonds authorized in 2003.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc